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*Commonwealth Savings & Loan Corporation*  
*Eighth Annual Report. Year ended Dec. 31, 1967*





## *Directors of the company*

*John W. M. Campbell*  
*R. Robert Easton, Q.C.*  
*Allan J. Hammond*  
*Robert W. Macaulay, Q.C.*  
*George S. Mann*  
*Bernard J. Persiko*  
*C. Stafford Smythe*  
*Mark M. Tanz*  
*Leon E. Weinstein*  
*Burton Winberg*

## *Officers of the company*

*Mark M. Tanz, President*  
*Robert W. Macaulay, Q.C., Executive Vice-President*  
*George S. Mann, Vice-President*  
*John W. M. Campbell, General Manager*  
*Stanley A. Senn, C.A., Comptroller*  
*Allan C. Rose, Secretary*

# To the Shareholders

*I am pleased to present for your consideration the Annual Report of Commonwealth Savings and Loan Corporation, for the year ending December 31, 1967.*

*The net income for the year after branch development expenses and depreciation amounted to \$53,637 or 14 cents per share as compared to \$90,451 or 23 cents per share in the previous year. This decline in profits was caused by the Company incurring certain non-recurring losses in the first four months of the year. We fully expect that the profitable trend experienced in the latter part of the year will continue throughout 1968.*

*In reviewing the balance sheet, you will note that every phase of your Company's operation progressed favourably during the period. Total deposits exceeded \$24,224,000 at year end, as compared to \$21,894,000 in the previous year, or an increase of over 10.5%. Savings and Chequing deposits rose from \$17,076,000 to \$17,999,000; and active customer accounts now exceed 37,000.*

*Your Company's mortgage portfolio remains in excellent condition, and we have continued our policy of investing primarily in residential mortgages. During the year, interest rates rose steadily and your Company increased its mortgage portfolio to a total of \$17,630,575 with an overall yield of 7.37% as at December 31, 1967. We anticipate that mortgage funds will be in strong demand throughout 1968, and Commonwealth is in an excellent cash*

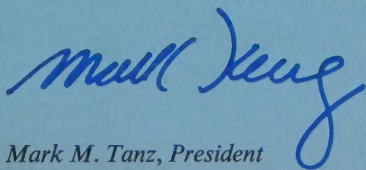
*position to benefit from these historically high rates.*

*During 1967, Commonwealth maintained its policy of keeping a highly liquid position. You will note from the balance sheet that cash and bank deposit receipts increased substantially during the year, while at the same time our entire bank debt was liquidated. Your Company's investments in stocks and short term notes were also reduced during the past twelve months. Our liquidity ratio at December 31, 1967 was in excess of 33% as compared to the statutory requirement of approximately 20% of total deposits.*

*I am most pleased to be able to report that in the month of November, the Province of Ontario approved our application to increase our borrowing powers from ten times unimpaired capital and surplus to twelve and one-half times. This approval should permit the Company to increase its deposits without requiring additional capital for some time.*

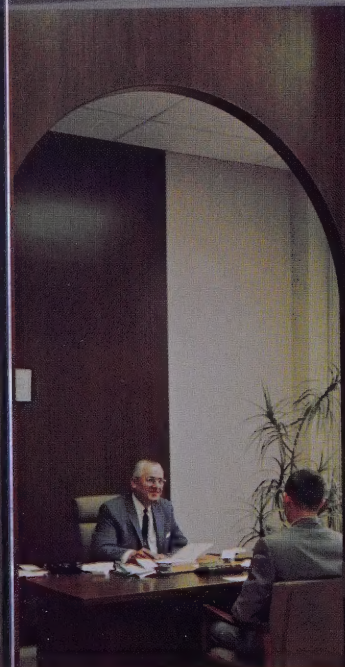
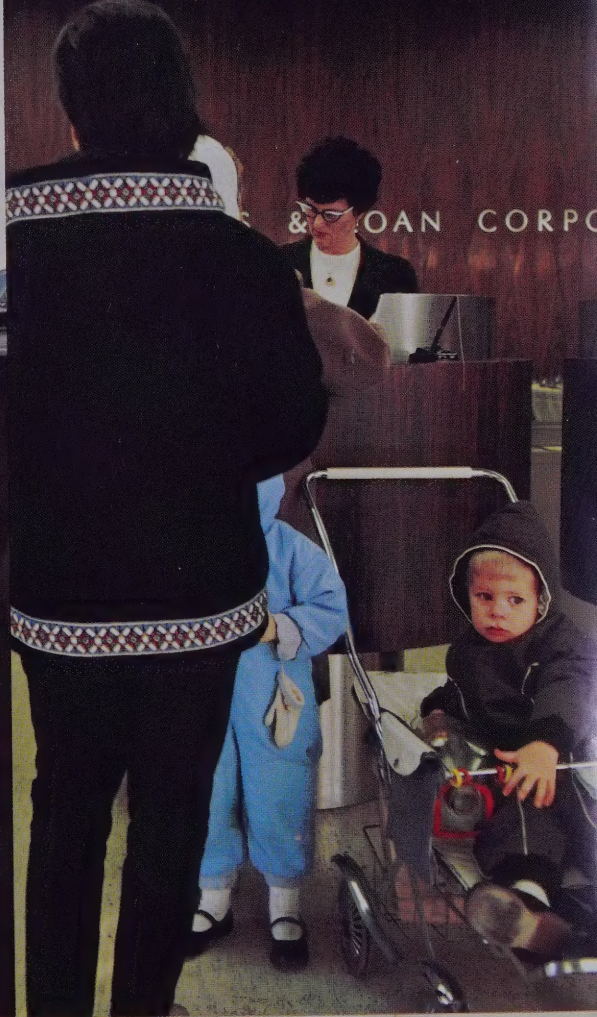
*Dividends paid to shareholders during the year totalled \$97,286, and I would point out that the last dividend to shareholders was the twenty-sixth consecutive dividend paid by the Company since its inception.*

*This report records the progress of your Company during the eighth year of its operation. After reviewing the enclosed statements, I know that you will share the optimism with which your Board of Directors looks forward to the coming year.*

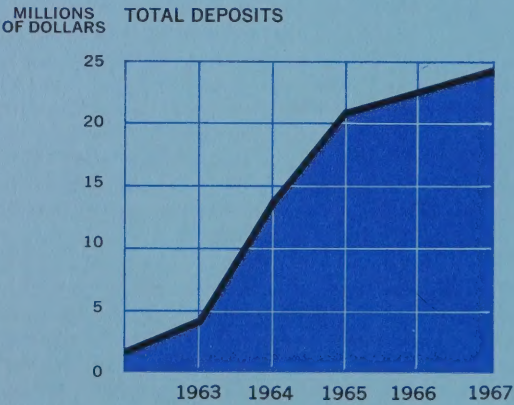


Mark M. Tanz, President





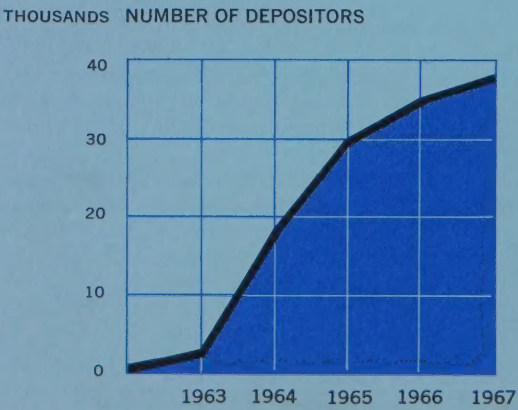
# Financial Highlights



Cash and Securities  
Mortgages and Loans  
Shareholders' Equity

Savings and Chequing Deposits  
Term Deposits  
Debentures

New Branch Development Expenses



Number of Depositors

Income from Operations  
Dividends to Shareholders  
Earnings per Share

TOTAL ASSETS

1967	1966	1965	1964	1963
\$ 7,918,783	\$ 7,345,220	\$ 7,211,010	\$ 5,101,409	\$ 817,951
17,703,153	17,027,589	15,774,487	9,165,228	4,534,919
2,541,555	2,561,684	2,568,512	1,786,922	1,571,812
17,998,589	17,076,270	15,396,269	8,487,330	1,955,147
606,344	431,203	1,653,554	1,372,384	398,516
5,619,959	4,386,799	3,749,291	3,518,373	1,716,642
17,000	76,000	289,000	311,000	30,000
37,264	35,267	30,391	18,770	1,993
70,637	166,451	136,275	130,560	77,853
97,286	97,279	87,154	62,525	56,402
.18	.43	.41*	.53*	.51*
\$27,281,637	\$26,021,857	\$24,500,884	\$15,218,088	\$5,708,252

\*Based on the average number of shares outstanding.

# Balance Sheet    December 31, 1967

## Assets

	1967	1966
Cash on hand and on deposit.....	\$ 1,547,210	\$ 797,874
Bank deposit receipts.....	1,081,776	30,000
Securities, (Note 1)		
Bonds:		
Government of Canada.....	1,975,253	309,524
Provinces of Canada.....	867,893	2,196,071
Canadian municipalities.....	919,334	1,020,060
Canadian corporations.....	—	200,662
Term notes due 1968 and 1969.....	360,582	858,765
Stocks.....	1,166,735	1,932,264
	<u>5,289,797</u>	<u>6,517,346</u>
Loans secured by bonds and stocks.....	72,578	87,045
Mortgages, less allowances.....	17,630,575	16,940,544
Real estate held for sale and investment.....	263,132	290,381
Office premises, at cost:		
Land and buildings.....	1,013,832	921,151
Furniture, fixtures and equipment.....	247,271	224,197
Leasehold improvements.....	157,247	191,709
	<u>1,418,350</u>	<u>1,337,057</u>
LESS: Accumulated depreciation.....	143,010	98,668
	<u>1,275,340</u>	<u>1,238,389</u>
Accounts receivable and sundry items.....	121,229	120,278
	<u>\$27,281,637</u>	<u>\$26,021,857</u>

*The accompanying notes form an integral part of these financial statements.*

## Auditor's

To the Shareholders of Commonwealth Savings & Loan Corporation

We have examined the balance sheet of Commonwealth Savings & Loan Corporation, and the accounting procedures and such tests of accounting records and other supporting documents as we considered necessary.

In our opinion, the accompanying balance sheet presents fairly the financial position of the Corporation as at December 31, 1967.

Toronto, Canada,  
February 9, 1968.

## Liabilities

	1967	1966
Savings and chequing deposits.....	\$17,998,589	\$17,076,270
Term deposits.....	606,344	431,203
Debentures.....	5,619,959	4,386,799
	<u>24,224,892</u>	<u>21,894,272</u>
Bankers' advances (secured).....	—	1,151,000
Mortgages on office premises.....	505,175	392,954
Sundry accounts payable.....	10,015	21,947
	<u>24,740,082</u>	<u>23,460,173</u>

## Shareholders' Equity

Capital stock (Note 2)		
Authorized—400,000 Common shares, par value \$5 each		
Issued and fully paid—389,208 Shares (1966—389,108).....	1,946,040	1,945,540
Reserve fund.....	122,000	122,000
Unappropriated surplus (Note 3).....	473,515	494,144
	<u>2,541,555</u>	<u>2,561,684</u>
	<u>\$27,281,637</u>	<u>\$26,021,857</u>

On behalf of the Board:

MARK M. TANZ, *President*

JACK W. M. CAMPBELL, *Gen. Manager*

## Report

on as at December 31, 1967. Our examination included a general review of the evidence as we considered necessary in the circumstances.

on of the company as at December 31, 1967.

Pape, Strom, Sherman & Lavine } Chartered  
Thorne, Mulholland, Howson & McPherson } Accountants

# Statement of income and unappropriated surplus

for year ended December 31, 1967

	1967	1966
Operating revenue:		
Income from mortgage loans.....	\$1,369,801	\$1,337,766
Interest and dividends from bonds and stocks.....	226,370	314,302
Profit (loss) on sale of bonds and stocks.....	18,796	(31,622)
Interest from deposit receipts.....	100,534	3,361
Other operating revenue.....	87,205	91,871
	<u>1,802,706</u>	<u>1,715,678</u>
Operating expenses:		
Interest on deposits and debentures.....	873,108	847,676
Salaries and employee benefits.....	423,497	356,425
Other operating expenses.....	388,131	303,371
Depreciation.....	47,333	41,755
	<u>1,732,069</u>	<u>1,549,227</u>
Income from operations.....	70,637	166,451
Branch development expenses.....	17,000	76,000
Net income for the year (Note 4).....	53,637	90,451
Unappropriated surplus at beginning of year.....	494,144	500,972
Special allowance on mortgages (Note 5).....	22,720	—
Premium received during the year on sale of capital stock.....	300	—
	<u>570,801</u>	<u>591,423</u>
Dividends.....	97,286	97,279
Unappropriated surplus at end of year (Note 3).....	<u>\$ 473,515</u>	<u>\$ 494,144</u>

# *Notes to the Financial Statements*

*for year ended December 31, 1967*

## 1. SECURITIES

Government of Canada bonds, Provincial and Municipal bonds and Term notes are stated at cost plus accrued interest. Stocks are stated at cost plus accrued revenue and have a market value at December 31, 1967 of approximately \$777,900.

## 2. EMPLOYEES' STOCK OPTIONS

During the year, the company set aside 10,000 shares to be used for the granting of employees' stock options at a price of \$8.00 per share. During the year, options were exercised on 100 shares for a cash consideration of \$800 and options, which expire on various dates up to 1972, were outstanding at December 31, 1967, on 9,130 shares. All options outstanding under a previous plan at \$12.75 per share were cancelled.

## 3. UNAPPROPRIATED SURPLUS

Included in unappropriated surplus is premium received in the current and prior years on the sale of capital stock of the company amounting to \$1,069,136.

## 4. INCOME TAXES

The company claims for income tax purposes capital cost allowances and mortgage reserves in excess of amounts charged in the accounts. In addition, the company has claimed branch development expenses which when combined with the capital cost allowances and mortgage reserves have resulted in accumulated income tax losses. These losses when applied to the current year's income are sufficient to eliminate any income taxes otherwise payable.

## 5. SPECIAL ALLOWANCE ON MORTGAGES

In prior years, the company appropriated from surplus \$22,720 as a special allowance on mortgages. In 1967 this allowance has been transferred back to unappropriated surplus.

## 6. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of directors and senior officers of the company, including the five highest paid employees, amounted to \$62,398 in 1967 and \$57,567 in 1966. No directors' fees were paid during 1967 and 1966.

## 7. GUARANTEES

The company is contingently liable as guarantor for land rents of \$22,750 per annum, payable by the lessor of one of its branch offices to a third party.

## 8. LONG-TERM LEASES

The company has entered into leasing agreements for the rental of certain branch premises. These leases which expire on various dates up to 1990 require aggregate rentals of approximately \$787,000. Rents payable during 1968 under these leases aggregate approximately \$52,000.

# General Manager's Report

Each passing year brings growth and added stature to Commonwealth. A review of the figures for the last seven years shows that dividends in excess of \$440,000 were paid to shareholders, interest payments in excess of \$3,000,000 were paid to account holders, and the Company has in this period loaned some \$30,000,000 in mortgage money.

At December 31, 1967, our total deposits, assets and mortgage investments were at all time highs, and it is gratifying to note that our range of services met with the approval of a steadily increasing number of the public in a widening area across the province.

We continue to pay close attention to the control of operating costs. Carrying on any business is constantly a challenge to produce satisfactory results, including continually increasing profits. From budget figures on hand, we have every reason to expect that our net profit will improve substantially in the coming year.

During April 1967, the Company introduced its Agency Plan for Consumer Loans, acting as agents for The Mercantile Bank of Canada.

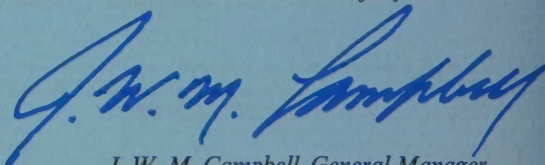
We are pleased that Commonwealth was the first financial institution in Canada to

act in this capacity and you are probably aware that since then, many other Trust and Loan Companies have followed suit. This new service is entirely free from capital risk and the results to date and the income generated therefrom has been very satisfactory. Other new extensions in our services are being planned for the ensuing year in an endeavour to maintain a creative approach in this era of broadening financial services.

What has been accomplished during 1967 is the work of many minds. Our appreciation is extended to all members of the Board of Directors and the Executive Committee who again this year devoted considerable time and effort to the affairs of the Company without remuneration.

Also, we would like to pay a special tribute this year to our staff. It has been a year of intense activity for them and without their co-operation and good-will we could never have made the progress we have. With the loyal support, willingness and initiative of its employees, the Company's future progress is assured.

Finally, and most of all, we acknowledge with grateful appreciation, our friends, shareholders and customers who helped make this another successful year.



J. W. M. Campbell, General Manager



# *Branches*

**J. C. Merritt, Manager**  
6 Second Street East  
Cornwall, Ontario  
Phone 933-1433

**W. G. Belyea, Manager**  
94 Princess Street  
Kingston, Ontario  
Phone 542-2837

**R. J. Acres, Manager**  
150 Sparks Street  
Ottawa, Ontario  
Phone 236-7121

**J. DiLuca, Manager**  
558 Bloor Street West  
Toronto, Ontario  
Phone 534-9211

**J. M. Morton, Manager**  
1064 Eglinton Avenue West  
Toronto, Ontario  
Phone 789-2933

**J. I. Davidson, Manager**  
2913 Lakeshore Blvd. West  
Toronto, Ontario  
Phone 259-2351

**L. G. Aldebert, Manager**  
1497 Yonge Street  
Toronto, Ontario  
Phone 924-1196

**C. D. Cameron, Manager**  
1468 Queen Street West  
Toronto, Ontario  
Phone 531-9908

**R. W. Defoe, Manager**  
600 Ouellette Avenue  
Windsor, Ontario  
Phone 252-7268

# *Executive Offices*

170 The Donway W., Toronto